

Congress of the United States
House of Representatives
Washington, DC 20515-2105

March 17, 2009

The Honorable John Spratt
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Spratt:

As you craft the chairman's mark for the fiscal year 2010 budget resolution, I ask you to embrace the opportunity afforded by President Obama's preliminary budget proposal to realign our national priorities and to position our country for the 21st century, while addressing the unprecedented national debt that threatens the long-term well-being of our nation. I urge you to appropriately fund those functions critical to ensuring the health of our nation's cities and fulfilling the responsibility we have to care for our military servicemembers and their families, and to set aside sufficient reserve funds to encourage low-income savings and pay for healthcare reform.

Functions 450 and 500 – the "Health of Our Cities"

As a private citizen engaged in community development and now as a member of Congress, I have worked to promote the economic, environmental, physical, social, educational, and cultural health of our nation's cities as one coherent whole. Cities are our nation's economic engines, and their success is critical to the prosperity and well-being of all Americans. Our cities generate wealth and economic development for entire regions; provide the foundation for an educated workforce; offer solutions to climate change and sustainable development; act as gateways for goods, knowledge, and newcomers to our country; and serve on the front lines of homeland security.

When cities suffer, our nation as a whole suffers. During the last eight years, our cities have suffered because we have failed to properly invest in them during strong economic periods. As the Committee has demonstrated on many occasions, programs critical to ensuring the health and vitality of our cities, from social services to infrastructure to economic development, were cut or flat-funded, even as the Bush Administration set records for deficits and debt. The prosperity of our urban areas and surrounding communities was simply not a priority in recent years. Instead of making continuous modest investments in the health of our cities when the economy was good, the President and Congress chose to shortchange them, bequeathing our country a significant shortfall in infrastructure, housing, social services, healthcare, education, clean energy, and veterans care.

I represent historic industrial cities in the Merrimack Valley where for years the government failed to act, and the consequences were severe. It took decades to recover and it was only after the federal government reengaged, in part through the innovative establishment of the country's first urban national park, that we began to turn the corner. The recovery package recently signed into law represents a first step toward preventing economic disaster, but I fear that without making additional investments we threaten to consign large parts of our country to years of decline. In contrast, an active federal partner—and creative vision at the local level— will spur investment from other public and private partners, offering incredible return for each federal dollar spent.

While the “health of our cities”, as a holistic concept, touches on most of the function categories of the federal budget, two functions, Functions 450 and 500, are particularly critical. I strongly urge you to include funding for these two function categories in order to adequately support programs such as the community development and community services block grants, workforce training for the green economy, education for an enlightened and globally-competitive citizenry, and other community development-related programs.

Function 050 – Responsibility to Our Servicemembers

Our military servicemembers, who sacrifice so much on our behalf and who serve our country with such distinction, have been deployed overseas two and three times for periods of up to fifteen months. This time away from home puts considerable strain on their families and loved ones. The wars in Iraq and Afghanistan still persist and as we ask our servicemembers to continue to deploy, we must not shortchange them on their pay or their healthcare.

The President’s preliminary budget has called for a 2.9 percent pay raise for uniformed services beginning January 1, 2010. While that is equal to the Employment Cost Index, it does nothing to further close the military-civilian pay gap. As a member of the House Armed Services Committee, I believe that we should strive to eliminate the pay gap by building on the President’s proposal in favor of an across-the-board pay raise of 3.4 percent. We cannot expect to retain or recruit the best and brightest if we fail to pay wages comparable to those in the private sector. A pay raise sends an important message that we value the tremendous contributions being made by our military servicemembers.

We must also continue to support the military's effort to grow the force. Although such efforts will require additional budget considerations to ensure that the increase in personnel and healthcare costs do not aggravate our deficits, it will reduce the stress on the force, help bring balance to our military, and allow our servicemembers more time at home between deployments. It should be a priority. This will not only have a positive impact on the morale of our troops and their families but will also maintain retention and recruitment levels.

Fiscal responsibility – Addressing America’s Low Personal Savings Rate

It has long been a goal of Congress to encourage personal savings—as evidenced by subsidies in the tax code to encourage savings for retirement, higher education, and other purposes—in large part because a failure of individual Americans to save threatens their well-being and impairs our nation’s long-term economic prospects. During the last decade, however, the personal savings rate in the United States has fallen to lows not seen since the Great Depression. With so few domestic savings to access for investment, private firms and the United States Government have increasingly turned to foreign creditors. As this Committee has demonstrated, our current dependence on debt and over-consumption fueled by foreign creditors is unsustainable and is a threat to our economic and national security.

For low- and low-middle income families, further tax subsidies are unlikely to significantly provide adequate incentives for savings because these households carry so little tax liability; however, encouraging savings by these households is critical to supporting their escape from poverty and ultimate graduation from Federal benefit programs. As President Obama’s preliminary budget proposal correctly notes, one of the largest impediments to encouraging savings among low- and middle-income households is asset limits on benefit programs: “Current asset rules across a variety of programs are antiquated, inconsistent, and present obstacles for low-income individuals who aspire to achieve self-sufficiency. The intersection of the new [refundable tax] credits and outdated asset rules may disqualify new and current individuals and families from Federal benefits, including Medicaid and Supplemental Nutrition Assistance Program (formerly Food Stamps).”

While serving on this Committee, I have had the opportunity to question experts from across the political spectrum on asset limits as a disincentive to saving. While each agreed that removing or mitigating asset limits will be challenging, these experts also confirmed the necessity of doing so. Though specific limits differ from program to program and from state to state, their net effect is to prevent both retirement savings—particularly individual retirement accounts—and “rainy day” accounts. For those families who currently need benefits, or suspect that they will in the future, the knowledge that any savings they have acquired will prevent them from accessing those benefits in a time of crisis is enough to discourage savings altogether. This runs counter to the purpose of social support programs and creates a situation in which families are unable to escape from poverty. Furthermore, without a personal safety net, one moment of bad luck—a car repair, medical emergency, or family death—can be enough to push these families on the cusp into an endless cycle of debt as they turn to payday lenders or credit card companies.

In the long-term, removing these impediments to low-income saving will yield savings to the Federal government. Retirees who have been able to save up sufficient nest eggs will rely on the system far less than retirees who have consistently been prevented from saving. Households able to weather emergencies and build up small safety nets are able to graduate from the system instead of eternally hovering just at the poverty line. In the short term, reducing asset limits could increase the number of eligible applicants for mandatory spending programs, thereby driving up their costs. For the purpose of supporting this investment, I encourage you to include a reserve fund, policy language, or other mechanism to provide an opportunity for these concerns to be addressed by the authorizing committees in a budget-neutral manner.

Fiscal responsibility – Healthcare Reform

Finally, I would like to thank you for your continued leadership in pressing for healthcare reform as a solution to our looming budgetary crisis, as a humanitarian investment in our people, and as a source of economic relief to ensure the competitiveness of our nation's large and small businesses. I also applaud President Obama for recognizing that healthcare reform must be paid for and by crafting a budget proposal that makes an honest down payment toward that end. While I would like to further explore the benefits and drawbacks of coupling healthcare reform with global warming legislation as the President's proposal does, I strongly support both and encourage you to include a reserve fund for the former and an assumption of revenue from the latter.

Thank you for your consideration. I look forward to working with you to enact a budget which invests in our future, helps grow our economy, creates outstanding new jobs, and does so in a fiscally responsible way.

Sincerely,

A handwritten signature in black ink, reading "Niki Tsongas". The signature is fluid and cursive, with the first name "Niki" and last name "Tsongas" clearly distinguishable.

Niki Tsongas
Member of Congress